

Pierre Gramegna at Eurogroup press conference, February 2023

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Press conferences

Remarks by ESM Managing Director Pierre Gramegna

Press conference after Eurogroup meeting

Brussels, 13 February 2023



Thank you, Paolo. Thank you, Paschal. I think you have covered all the points of the excellent discussions that we had today, and what comes out as the main result is the resilience of the euro area in face of the new crisis. It has been more and more apparent that this answer is functioning - despite the fact that there have been enormous price hikes due to the cost of energy and this has put a heavy load on all the budgets. Nevertheless, we see today with the forecast of the Commission that the euro area has shown better than expected resilience so far and has escaped recession.

At the ESM we have asked ourselves what is the reason for these better than expected results. Let me highlight first of all that Europe has reacted together in the face of the pandemic and in the face of the high energy prices. The New Generation EU programme (NGEU), the measures that were taken on energy - RepowerEU - have been quite successful, not to mention also the short-term labour schemes of SURE that have ensured that we could keep labour forces active.

The second point is the strong result of the labour markets where we registered, as was mentioned by Paschal Donohoe and by Commissioner Gentiloni, record low

unemployment at 6.6% and also a very dynamic labour market. This is due to a large part to the increasing female participation in the workforce. So we are today more confident, but we remain reasonably cautious. And as the ESM, it is our role to highlight what are the short-term risks. I see five such risks.

Despite the fact that the growth rate is up 0.6% in the euro area, we still have low growth for the year 2023. The second point is that we have rather high debt in many countries. The third, and that was mentioned also by Commissioner Gentiloni, is that core inflation is still high. The fourth one is that all countries are encouraged to take tailored, targeted and timely measures towards phasing out support measures that have been implemented over the past months. And that is also key in making sure that the wage-price spiral remains under control. And the fifth and last point is, as we heard also in the presentation of ACER [EU Agency for the Cooperation of Energy Regulators], that obviously in the second part of this year the energy prices will rise again.

This being said, for the longer term, we need to focus on productive and qualitative investment, taking into account the double transition which is key and where obviously the NGEU programme helps. And the on all these issues, the ESM obviously is ready to contribute to face these challenges.

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